

SERVICE TO UNDERSERVED COMMUNITIES

All federal credit unions may include in their field of membership, without regard to location and regardless of charter type, underserved communities. Once added, the charter type does not change, (*i.e.* a multiple common bond credit union remains a multiple common bond credit union for future field of membership expansion purposes). More than one federal credit union can serve the same underserved community.

Adding an underserved community does not automatically qualify your credit union for low-income designation.

To add an underserved community, the credit union must:

- 1) Show the proposed area meets one of the criteria identifying it as an “investment area” (refer to Chapter 3, Section III, of NCUA’s *Chartering and Field of Membership Manual*, revised May 2002).
- 2) Establish and maintain a service facility¹ in the community within two years, or have an existing office within close proximity to the underserved area. Close proximity is determined on a case-by-case basis and means the facility must be readily accessible by area residents. The distance from the underserved area cannot be an impediment to a majority of the residents to transact credit union business.
- 3) Develop a business plan for the first two years of operation that includes:
 - a) Financial services (with terms) available to the members;
 - b) Planned new financial services with terms and implementation dates;
 - c) Identification of the credit and depository needs of the underserved area, and how the credit union plans to meet those needs;
 - d) Location of service facilities indicated on a map and hours of operation. If you plan to open a facility within two years, state when and provide the cost of the new facility. If the area is in close proximity to an existing facility, explain and provide details showing how it is readily accessible to the residents;
 - e) Cost of additional service facilities, employees, fixed assets, services, etc. and time frames for opening or implementation;
 - f) Pro forma financial statements for the first two years after the proposed addition of the underserved area. Include the assumptions used in developing the pro forma’s;
 - g) A detailed marketing plan (with budget and calendar for two years) addressing how the credit union will serve the underserved area; and
 - h) Current financial statements, including income statement and delinquency summary.

¹ Defined as a physical location where shares are accepted, loan applications are received, and loans are disbursed. This definition includes a credit union owned branch, a shared branch, a mobile branch, an office operated on a regularly scheduled weekly basis, or a credit union owned electronic facility that, at a minimum, accepts shares, loan applications, and disburses loan proceeds. This definition does not include an ATM.